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Release date: Wednesday, May 3, 2006

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ASSOCIATION OF CANADIAN PENSION MANAGEMENT (ACPM) APPLAUDS MINISTER FLAHERTY'S ACTIONS ON PENSION FUNDING

(Toronto, Canada, May 3, 2006) -- The ACPM is very pleased that the federal government has taken initial steps towards dealing with the funding crisis currently affecting Canada's defined benefit pension plans. The changes announced yesterday in Minister Flaherty's first Budget will assist federally regulated pension plans deal with solvency deficits by extending the period over which these shortfalls must be funded, subject to the consent of plan beneficiaries, and by allowing for the use of letters of credit to assist with such funding.

Measures designed to assist with solvency funding were proposed by the ACPM and others in consultations conducted by Finance last year, and were highlighted in the ACPM funding report released last August entitled "Back from the Brink: Securing the Future of Defined Benefit Pension Plans".

"We congratulate the federal government for beginning to deal with the funding challenges facing defined benefit pension plans. We hope that in leading by example, the federal government's announcement will encourage those provinces that have yet to deal with pension funding issues in any meaningful way to also take action. The sooner governments deal with these critical issues, the sooner we might hope to witness improved funding of DB pension plans, and enhanced benefit security for members and pensioners", commented Scott Perkin, President, ACPM.

Yesterday's Budget also proposed an increase to the income tax deduction available to pensioners, from \$1,000 to \$2,000 starting this year.

However, still more needs to be done to secure the future of retirement savings in Canada. There were no increases to the pension and RRSP limits which are necessary to ensure that Canadians are allowed to save adequately for retirement. The current levels for tax-assisted retirement savings here in Canada still lag far behind those in the U.S. and the U.K. The ACPM looks forward to a continued dialogue with the federal government in an effort to promote greater self-reliance by encouraging Canadians to save towards a secure retirement.

About The ACPM

Established in 1976, and celebrating 30 years, The Association of Canadian Pension Management (ACPM) represents private and public pension plan sponsors, administrators and related stakeholders. The ACPM currently has 700 members across Canada, representing 400 pension plans covering approximately 3 million plan members.

The ACPM's mission is to promote the growth and health of Canada's retirement income system by championing the following principles:

- Clarity in pension legislation, regulation and arrangements
- Good governance and administration
- Balanced consideration of stakeholder interests

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